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SUBJECT: AMBASSADOR APPLAUDS US COMPANY INVESTMENTS IN RENEWABLE
ENERGY

REF: STATE 13805

Summary

¶1. Ambassador highlighted USG promotion and American firm investment in alternative fuels during her February 7 visit to solar cell manufacturer SunPower and to a Ford plant, the sole manufacturer of biofuels capable vehicles in the Philippines. These two U.S. companies are at the forefront of private sector renewable energy initiatives in the Philippines with significant private investment as well as partnerships with USAID's energy program.

SunPower - A Leader in Solar Technology

¶2. Ambassador and Embassy officials toured SunPower's manufacturing plant, a \$300 million investment employing 1,200, on February 7. U.S. firm SunPower is an industry leader in solar power technology, manufacturing the world's highest-efficiency solar cells. SunPower chose the Philippines for its facility because of the large semiconductor industry with technology similar to solar cell manufacturing; low labor costs combined with high levels of education and English proficiency; central location in a region of low-cost inputs; and, adequate protection of intellectual property rights. SunPower's Vice President noted further that the initiative and resourcefulness of Filipino workers has produced extraordinarily rapid improvements in quality control and efficiency. SunPower continues to invest in the Philippines, recently opening a separate facility for solar panel assembly (which was previously outsourced to China), and currently constructing a \$600 million solar cell manufacturing facility that will triple SunPower's Philippine production capacity by mid-2007.

¶3. SunPower is partnering with USAID to bring solar power to 60 rural schools in conflicted-affected areas of Mindanao, a corporate social responsibility project that demonstrates strong commitment to the Philippines. Teaming with USAID's Alliance for Mindanao Off-Grid Renewable Energy Project, SunPower's Solar Energy for Rural Electrification and Development Project is contributing \$500,000 for solar electrification, and is also working towards development of a training curriculum for solar power technicians. This is one of several USAID partnerships with the private sector to leverage USG funds to bring renewable energy to Mindanao.

Biofuels Leadership by Ford

¶4. Ambassador highlighted USG and partner promotion of alternative fuels at the Biofuels Caravan visit to a Ford manufacturing plant. The Caravan is a convoy of biofuels-powered vehicles organized by USAID in partnership with the Philippine Department of Energy, Ford Philippines, non-government coalitions, gasoline retail chains, and

others. The Caravan is crossing the Philippines to raise awareness of the benefits of biofuels, and to kick off development of regulations to implement the new Philippine Biofuels Act of 2006. The recently-signed Act mandates a gradual phase-in of minimum percentages of biodiesel and ethanol in all vehicle transport fuel sold in the Philippines. Passage of the Act is a major milestone in the promotion of cleaner alternative fuels, a major thrust of USAID's energy program. The use of biofuels has the potential to reduce Philippine dependence on fossil fuels, reduce harmful emissions to the environment, as well as promote economic activities in the agricultural sector.

15. USAID officials presented the Philippines Fuel Ethanol Alliance an advertisement to run in movie theatres to raise awareness of the benefits of bioethanol. In negotiation with cinema owners, USAID has already raised more than \$200,000 worth of free cinema ad airtime since the formal launching in January 2007. The Ambassador addressed the assembled guests, congratulating the Government of the Republic of the Philippines for passing the Biofuels Act and citing support for alternative fuels in President Bush's Energy Policy Initiatives (Reftel)

16. Ambassador and Embassy officials also toured the plant where Ford manufactures vehicles with flexible fuel engines capable of using gasoline blended with up to 20% ethanol, the only such facility within the ASEAN region. Ford's \$20 million investment in this manufacturing line, together with its support for the Biofuels Act and the Caravan place it at the forefront of the alternative vehicle fuels movement in the Philippines.

KENNEY